



Ms. Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

via electronic filing

April 18, 2005

RE: American Cable Association Petition for Rulemaking, RM—11203

Dear Ms. Dortch:

On behalf of ETAN Industries (dba CMA Communications), I write to express our strongest support for ACA's petition for rulemaking on retransmission consent. CMA operates a company that provides cable television services in smaller, rural areas, and I can verify that the petition accurately describes the looming retransmission consent crisis. Broadcasters, including those in our markets, have made it abundantly clear that they will require us to charge an additional \$2 to \$3 per subscriber per month for basic cable, to cover new demands of cash compensation for continued carriage. ACA's solution to this problem is pro-competition, pro-consumer and deregulatory. This solution will benefit the consumers served by CMA and will help stabilize the costs associated with providing basic cable television service.

Provided below is some information about CMA Communications and why we believe the Commission needs to grant ACA's petition.

Company Background

CMA Communications is part of ETAN Industries, a privately-owned family business that has provided cable television and debt collection services for over 20 years. CMA Communications serves over 60,000 consumers in 43 headend/communities in Louisiana, Texas, Mississippi and Nevada. CMA employs over 150 dedicated employees.

Over the past five years, we have invested millions of dollars in capital infrastructure improvements in order to maintain a competitive position. We now offer digital cable service, high speed internet and recently launched High Definition TV. We are also planning to launch telephone service in late 2005. In spite of this investment and product innovation, we have had difficulty reversing a trend of declining cash flow. Five consecutive years of 10 – 12% annualized increases in the cost of video programming have offset gains made in all other areas of our business. The cost of video programming is the single largest component of CMA's expense.

The broadcasters' demand for several more dollars per month presents a major problem for CMA. Within our markets, we have already seen instances with companies like NexStar that have unilaterally demanded 'cash for carriage' without showing a desire to engage in discussions on how to provide more mutual value. If CMA is required to pay per subscriber fees to free, over-the-air broadcasters, our declining margins will be further eroded. We will have little choice but to pass this cost onto our customers. For the past few years, we have been focused on holding (in some cases lowering) our retail rates for broadcast basic or lifeline level of service. Passing through broadcaster retransmission consent

fees would necessitate rate increases to a rural base of senior citizens and financially disadvantaged households. For example, most of the communities we serve in Northern Louisiana possess average household incomes that are approximately 50% of the national average. Our customers already possess little discretionary income. We have a social obligation to keep our operating expenses as low as possible in order to help these residents simply survive.

Why CMA supports ACA's petition

The ACA petition allows us a better environment to negotiate mutually beneficial agreements. Under this petition, we would be able to obtain network programming from alternative, neighboring broadcasters if faced with unreasonable terms and conditions for local network affiliates. By having a more robust marketplace, there is a greater opportunity for good faith negotiation – not unilateral demands by entrenched broadcasters.

As stated in the petition, the problem is not that broadcasters demand a “price” for retransmission consent. The problem is that they block our ability to find alternatives. The petition shows how this problem will easily cost consumers and smaller cable operators upwards of \$1 billion in 2006. It could cost CMA up to \$500,000 next year. Such a significant new expensive would be terribly disruptive to our business and employment situation.

By making the limited changes requested by ACA, the Commission will bring some market discipline to retransmission consent ‘pricing’. This will help to keep our costs down and benefit our consumers.

In conclusion, CMA desires to continue to be a strong, relevant presence in the rural communities where we provide cable television and broadband services. While many local companies have chosen to exit these small towns over the past few years, CMA has tried to increase our local contribution with new offices, increased employment levels and introduction of key products like high speed internet which help address the unfortunate ‘digital divide’ we see in rural America. By putting CMA at a systematic disadvantage during the upcoming retransmission consent discussions, CMA’s ability to continue providing service to our rural base could be severely compromised. Please strongly consider ACA’s petition with this reality in mind.

Sincerely,

_____/s/_____
Dave Beasley
Vice President
CMA Communications
Dallas, TX